

June 5, 2015

Dear clients and colleagues,

Founded in 1838, Paris Orleans is the holding company of the Rothschild group. This French-based financial company offers financial advisory services, asset management, and merchant banking solutions for institutions and high net-worth clients. The Financial Advisory division, which represents 65% of its business, provides advisory services for M&A, debt restructuring, and capital markets. The company's second pillar is Wealth & Asset Management, which represents 28% of its business and totals approximately €47 billion of Assets under Management. With a foothold in over 40 countries, Paris Orleans has more than 50 offices and 2,800 employees on its payroll.

The group underwent an important reorganization in 2012 in order to streamline its organizational structure, optimize its regulatory capital, and maintain the family's controlling interest for the long term. The Rothschild family currently owns 54% of the company.

Thanks to its independent structure and global presence, Paris Orleans enjoys a strong positioning in its markets. Over the past years, it has gained significant market share in the middle market of M&A. With a 21% market share, Paris Orleans advises 40% more deals than its closest competitor. The company is also very active in providing advisory services for debt issuances, IPOs, and secondary placements. Here are some recent examples of large transactions for which the company advised on:

- Alibaba, \$25B IPO on the NYSE
- Petrobras, \$70B equity offering in Brazil and the US
- American Airlines, Chapter 11 restructuring and \$34B merger with US Airways

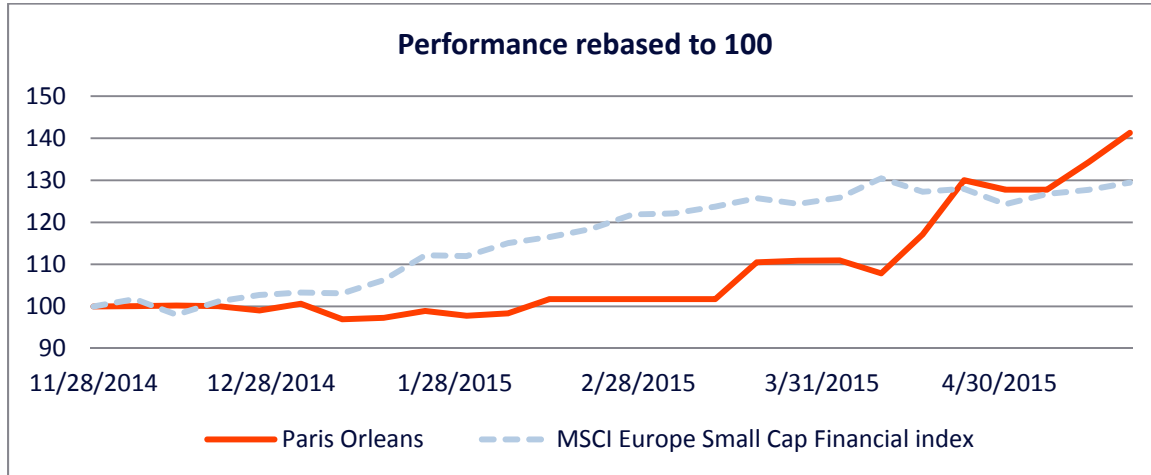
On the Wealth and Asset Management side, Paris Orleans has seen its Asset under Management grow at 10% per annum over the past 5 years. We believe that independent asset managers will continue to gain market share, as opposed to domestic banks.

We feel strongly that the surge in M&A deals announced during the second half of 2014 is pointing to a recovery trend. The first quarter data compiled by Dealogic certainly validated this trend. Based on its M&A review, the global volume of announced deals increased by 23% over the same period last year. The improving economy, a low cost of capital, and a search for yield all remain important factors that should be supportive for the M&A market. Through a well-balanced business mix, Paris Orleans should benefit from the upturn in M&A activity, while continuing to gain market share in the asset management market.

We believe that Paris Orleans will continue to perform well within the European financial industry. As the number of M&A completions increases, advisory boutique firms should outperform. As shown in the chart, Paris Orleans has been a strong performer year-to-date in comparison to the MSCI Europe Small Cap Financial Index.

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Source: GACM, MSCI

Have a great weekend.

The Global Alpha team

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